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STATE OF THE NATION.

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THE STATE OF THE NATION;

OR,

WHAT THE NATION ASKS OF CONGRESS AND THE PRESIDENT.

Discourse delivered by James Freeman Clarke, Fast Day, April 11, 1878.

I shall ask you to listen this morning to some suggestions on the present condition of the nation, and what the people ought to demand of Congress and the President.

At present the only discussions of these topics, except by party politicians, are by a few independent newspapers, a few lecturers and a few preachers of Fast-day sermons. I hope the time will come when, in every town and village, all important matters of public and national importance will be examined before the people every winter, in town halls, by able persons, carefully selected, to state both sides of each question. A committee in each town, representing all parties, might be appointed to select speakers and topics—and thus the people of the country would be enabled to listen not merely to what they already believe, but also to a fair statement of the other side. I think this would be a much better way of employing a winter evening than in listening to the average lyceum lecture.

THE INDUSTRIES OF THE COUNTRY are still in a very depressed state. Multitudes of people are out of work—many manufac-

ties closed, or running on half-time—little business doing—and those who continue to do business are often obliged at last, after long struggles, to suspend payment. The profits from manufactures and trade are so small, and the risk so great, that capital seeks investment elsewhere, and United States four per cent. bonds are readily sold, which a few years ago would have hardly found a purchaser. Had it not been for the passage of the silver bill, which shook confidence in the disposition of the nation to pay its honest debts, we might soon have changed our bonds bearing interest at six per cent. into four per cent. bonds, saving, as it is estimated, \$17,000,000 a year of interest, and taking so much less every year in taxes from the people.

This universal and

LONG-CONTINUED DEPRESSION IN BUSINESS, from which the whole community suffers, has called out a great number of political demagogues, each offering his own prescription for bringing back good times. Every chronic disease produces a disposition to try all kinds of remedies. One

statesman attributes all the present evils to Mr. Tilden not having been proclaimed President, and thinks the country will be made prosperous if the Supreme Court declares President Hayes a usurper. Others tell us the misery has come from contraction of the currency, and proposes as a sure relief an unlimited issue of pieces of paper with *the word dollar* printed on them, to be legal tender in all cases. Another thinks that if we had General Grant back at Washington with General Babcock, Secretaries Belknap, Robeson and the rest, with United States troops in Charleston and New Orleans; *that would make everything right.* Others seem to suppose that to abuse the bondholders, who have lent their money to the United States, and to persuade the laborers that they have been plundered by them, will probably bring about peace, prosperity and an era of good-feeling.

THE FIRST QUESTION,

then, that we have to ask is, "What is the cause of the present general distress and stagnation in the business world?" If we discover the source of the disease we may be able to suggest a cure.

In my opinion we are now, thirteen years after the end of the civil war, still suffering from its natural consequences—that is, the waste, demoralization, habits of speculation, habits of extravagance, which were its results. More than two millions of men, in the prime of life, were taken from labor during those years, and employed in destroying property instead of creating it, and were fed and clothed and paid wages by the rest of the nation for doing it. To meet these expenses we substituted for the regular money of the world, which rests on a specie basis, some beautifully printed promises to pay money, at some future but indefinite period. The credit of the nation diminished so rapidly under this system that its promise to pay one hundred dollars was soon worth

in the market only forty or fifty. But, for a time, all business people seemed to be growing rich by this means; for, as money fell, prices rose; and thus what a man bought for ten dollars he presently sold for fifteen. This stimulated business mightily and caused a great increase of production. New mines were opened, new factories built, new furnaces erected. To raise money for its expenses the government laid heavy duties on foreign products, and this war tariff was another stimulus to increased production and larger speculation. In fact, most regular business soon turned into speculation—for no one could tell what the market value of anything would be to-morrow. Business men were changed, with or against their will, into speculators. Gambling took the place of commerce.

THE NATION AND THE STATES WENT TO GAMBLING

also, putting millions of dollars into railroads, tunnels and other enterprises, which they covered under the suave epithet of developing the resources of the country. The State of Massachusetts has put fifteen millions of dollars into a tunnel and three millions into a railroad, and neither tunnel nor railroad brings her any return. The interest, however, on all these enterprises must be paid, and thus the taxes on the people grow heavier, while the people are growing poorer.

Moreover, all these vast undertakings give a great profit to those who originate them and carry them on. War contracts are always so profitable that the contractors can afford to pay liberally for all aid to their enterprises. Hence comes the lobby, which means a set of men of great ability who are paid large sums to try every means of persuading legislatures to vote the public money for the use of corporations or companies engaged in some profitable scheme. Every means, including pecuniary inducements.

Political power acquires a money value, and all arts are used to keep one's self in Congress. Then arises the corruption of the civil service,—men put into lucrative offices by members of Congress, not because they are fit for the duty, but because they are ready to exert themselves in return to keep their patron in his place.

THIS IS NO NEW STORY

—no invention of the nineteenth century—no reproach on republican institutions. Rings and lobbies existed at Rome, under the empire, too powerful for the emperors themselves to break down. They had rings at Rome engaged in getting contracts to plunder the provinces, and which absorbed three quarters of the taxes before they reached the treasury. The Pharisees had rings and lobbies at Jerusalem, and they sold for high sums the right to change Greek and Roman money into shekels in the court of the Gentiles. Less than a hundred years ago this corruption was the rule, not the exception, in England and throughout the world.

But all bubbles break at last, and our bubble has burst, and we ought to be thankful for it. Waste and extravagance going on through ten or twelve years leave a people at last poor. Business stimulated to excess, by high protective duties and by an inflated currency, at last collapses. Terrible developments in the civil service during the administration of General Grant revealed the corruption in the body politic. Confidence was checked, panic came, great enterprises began to break down, failure followed on failure, honest people and knaves suffering together. The bogus Southern governments, upheld by the United States troops, became a ring of audacious villains, plundering those impoverished States without remorse or shame. And these evils became so intolerable that even General Grant declared that

he could no longer use the United States troops to uphold such rotten governments.

Waste, extravagance, ruinous speculations, vast outlays for railroads which make no return, inflation of prices, at last result in an entire breakdown of business enterprise. People who have capital are afraid to risk it. In the Mohammedan countries, where the ruler levies taxes at his will, men hide their silver and gold in the ground. We have not reached that point here. We only take it out of business and put it into safe United States securities, though they may only pay four per cent. The great success of Mr. Sherman in selling the new loan is merely another proof of the despondency of capital and the paralysis which has seized on business enterprise.

In addition to the natural and almost inevitable consequences of a colossal and long-continued war, we have added the unnatural and unnecessary load of a war-tariff, which of itself would be sufficient to cripple the resources of a nation less elastic than our own. This tariff, which professes to protect industry, has nearly destroyed it. Consider the fact that pig-iron, the material of almost all other mechanical industry, has for many years been protected from all foreign competition by a duty from six to nine dollars a ton, and rolled and hammered iron from fifteen to twenty dollars a ton. This is not an infant industry which requires temporary protection, for it has existed from the first settlement of the country; it involves little skill; it has sufficient protection in its weight and expense of transportation; and yet every industry in the land which uses iron in any way is obliged to pay this tax—because the iron-masters of Pennsylvania and elsewhere are so powerful that no politicians are bold enough to oppose their wishes.

To illustrate still further the cause of our present condition, let me narrate

A LITTLE PARABLE.

There was a country town containing about two thousand inhabitants, employed in a great variety of pursuits; farmers and gardeners, raisers of stock, mechanics of all sorts. They were all gaining a modest but comfortable living by their various labors. One day there moved into the town a man, believed to possess enormous wealth. He bought a large place, built a splendid mansion, and said to the people: "I have come to spend my money among you, according to my peculiar tastes. I wish to employ five hundred men in marching to and fro on my grounds every day, and I will pay them three dollars a day for doing it. I also wish to have fireworks every night, and will pay the highest prices for rockets and Roman candles. I wish to have three or four hundred little children dressed in white, with blue and red ribbons in their hair, to sit about the ground in groups, or dance in the hall every day, and I will pay each of them a dollar a day for doing it, and will buy the clothes and ribbons for them to wear. I shall wish to buy four suits of clothes a year for each of the men, and I propose to give a supper every night, with plenty of ice-cream, to all the inhabitants of the town." Could anything be more attractive than this programme? Half the people gave up their usual occupations and devoted themselves to marching round the lawn, and the other half to making fireworks, clothing and ice-cream for these festivities. The people and town prospered wonderfully; the men got their three dollars, the children their dollar, a day, and great profits were also made on the fireworks, clothing and ice-cream. But one morning the bubble burst. The rich man had disappeared. Then it was made known that all the money he had been spending had been borrowed of the town authorities at a high interest, and that as he left no

assets this was a debt which the town must pay. The people had given up their old occupations, had lost the taste for regular work, had acquired a love of luxury, had learned to speculate, were no longer satisfied with small returns, but wished to obtain large incomes with little labor, and besides all this derangement of their habits, they had a great debt to pay for their frolicking and waste. Now, would it not take a long time for the people of such a place to get back to their old position? The people of our country are in the condition of this town. We took a million or two of men from productive industry during four years, employing them in destroying and wasting property. The expense of this is an accumulated debt which we have to pay. We have acquired habits of extravagance and waste at the same time. And now that the excitement is over, a long period of depression has followed; for the demoralization which four years of war can produce it will take fifteen or twenty to repair.

It may be said that our war and its results

ARE NOT AN ADEQUATE EXPLANATION of the present depression of business, since a like depression exists in foreign countries, especially in England and Germany. But the unhealthy and factitious stimulus to speculation, which our vast expenditures caused at home, affected foreign countries also. Overproduction and overtrading were the results there as well as here. And the war between Germany and France, and the large sums of gold paid by the latter power to the former, produced exactly the same consequences in Germany. France alone, which did not share in this artificial and sudden inflation, is in the most healthy condition. The two evil results of war on business—namely, wild speculation and expansion of the circulating medium—have ended in the same depression wherever their influence has been felt.

And now, when we have been slowly recovering from this diseased condition, and have nearly returned to a healthy, though somewhat reduced state, the political charlatans endeavor to persuade us to repeat all the old errors, and to lose all the results we have gained.

Here, let us suppose, is a poor fellow who has been brought almost to the grave by habits of intoxication. He has at last taken the pledge, has abstained for many months, his body is regaining its health. But he is still weak, and languid. And then comes a quack and says: "Poor fellow, how you suffer from this reduction of the alcoholic stimulus. Do not you remember how well you used to feel after a good glass of whisky? Just take a little of this 'greenback mixture' or these 'silver bitters.' They contain some very pure spirits, and will make you feel well at once. Do not be imposed upon by these cold-blooded temperance people—they are bloated aristocrats." If he accepts this cruel kindness he loses the benefit of his long abstinence, and will have to begin his reformation anew from the beginning.

THE ONE THING WHICH IS NOW WANTED is confidence, and "*confidence*," says Burke, "is a plant of slow growth." There is capital enough, enterprise enough, industry enough, openings on all sides for profitable undertakings, and the only thing now wanted is confidence on the part of the capitalists. The legal-tender currency of the country, being contracted to about the amount needed for business, has gradually advanced in value, till it is nearly worth as much as gold. When it has reached par, we shall have practically resumed specie payments. There is no danger of great demands for gold on the Treasury, and no need of great accumulations there, for as soon as we can have gold for our paper money we do not want it. When paper money is worth as much as

gold, it is better than gold for all common purposes, for it is much more convenient. As soon as paper money reaches par, business will improve, for confidence in the integrity of the nation will then have returned.

CONFIDENCE

on the part of capital is the one thing wanted for the revival of business. Let that come back, and all the unemployed laborers will at once find occupation—all trades will begin to be prosperous—every man, woman and child, engaged in any pursuit, from the great merchant down to the boy who blacks boots, will begin to make money. For confidence is like the air. If a colossal air-pump were put over Boston, and it should begin to be exhausted, the air would not only become rarefied on Boston Common, but in every hall, house, garret, chest of drawers and trunk in the city. Let the air come back, and it would flow into every house, cellar, teacup and pitcher, and all would share the returning fluid. So when confidence returns every kind of occupation will receive the benefit of the new hope and life.

And this is the time which our Congress selects to attack confidence, to threaten capital, to make investments unsafe, to try to get off from paying the whole debt—to make it lawful, however unjust, to pay a silver dollar worth ninety cents in place of a gold dollar worth a hundred. Already this operation has cost, as I have said, the taxpaying people of the country many millions a year, by stopping the sale of four per cent. bonds. The fallacy of the argument used in defence of this measure is as great as its dishonesty. It is Shylock's argument—

"Tis not so nominated in the BOND."

And "I cannot find it, 'tis not in the BOND."

It is that only *coin* was nominated in the bond not gold; and that silver as well as gold was then a legal tender, so that we

have a right to pay either. But the agents of the government abroad who offered the bonds, and the Secretaries of the Treasury at home, *did* declare, when offering them for sale, that they were to be paid in gold, and Congress did not deny it. What should you think of a business man who should refuse to fulfil a contract for paying in gold made by his agent, which he had not disowned at the time, but had allowed to be used for his advantage, or should say that when he promised to pay coin he was paltering in a "double sense?"

Other attacks on the confidence of the country are made in Congress.

VARIOUS SCHEMES OF INFLATION

are suggested. One Massachusetts financier proposes to cut loose from a specie basis altogether, and to have the government issue paper money again, as it *did* in the war, only now not promising to pay specie for it. This, he thinks, would be valuable money, because it would have beneath it the whole wealth of the nation. Yes, just as the balloon in the air has beneath it the whole solid land. But that will not keep the balloon from drifting out to sea and being lost, as long as there is no connection between the balloon and the land; nothing to hold them together. Between an irredeemable currency and the wealth of the nation, there is no connection, nothing to hold them together. The wealth is there, but how is the bill-holder to get at it, and unless he can get at it what use can it be to him? It is *beneath* him, no doubt, as the purse of the rich man in a hotel is *beneath* the poor man who sleeps in the room over him,—but in no other way.

How does it help me, if I have a bill of the United States called "one dollar," whose purchasing power has shrivelled to ten cents, to be told that it rests on the whole thirty thousand millions of dollars, which was the valuation of the United States in 1870.

If Congress wishes to help the laboring class and the poor, the one thing it ought to do is to encourage capital to invest in new enterprises. If capital is frightened and hides away, all business comes to an end, and the laboring man gets no work. If it is encouraged, then it becomes a power to set in motion all the wheels of business. Capital is naturally timid; if you attack it, it conceals itself and lies still. How foolish, then, for public men to abuse capitalists, as though they were guilty, for doing that which every one is trying to do,—namely, to make money. And the most stupid and insane cry of all is that raised against bondholders; that is, against those who were willing to lend money to the nation, at a low interest, to enable it to go on and live. We needed money to put down the rebellion, to restore the Union and pay the soldiers; and we asked people to lend us their money and take our bonds in payment. And when they do it we turn round and call them names, and accuse them of being bloated bondholders. If this is not the language of demagogues, it is that of idiots.

Instead of encouraging capital, our present Congress seems to be trying to do all it can to frighten it, and so to prolong the misery of the country. Congress has done as much

DISCREDIT AND INJURY TO THE COUNTRY
as possible by passing the silver bill and making war on resumption. And now eminent republican senators think to help their party, themselves and the country, by attacking a republican President and a republican Cabinet. What has Mr. Hayes done that he should be the object of this abuse and invective, so indecorous, vulgar and malignant? He has been simply trying to do what he and his party announced as their purpose at Cincinnati. The republican convention which nominated him sol-

emnly declared that "senators and representatives, who may be judges and accusers, should not dictate appointments to office." This convention also announced that "the permanent pacification of the Southern section of the Union, and the complete protection of all its citizens in the full enjoyments of all their rights, is a duty to which the republican party stands sacredly pledged." President Hayes, in his letter of acceptance, agreed to these propositions, and has honestly tried to carry them out.

The old custom was for the senators of each State to dictate who should be appointed to certain important offices in their State. This gave them great power, and thus men whose own qualifications and character did not justify their remaining in the Senate a single term, have been re-elected again and again by the help of this political power.

PRESIDENT HAYES,

trying to fulfill the solemn promise of himself and of the republican platform, has declined submitting to the dictation of these senators as to his appointments. The consequence is that he, his Cabinet and his appointments, are bitterly attacked by leading men of his own party in the senate chamber. He is only doing what they ought to have done themselves—only what they with their party promised to do at Cincinnati. If he is not doing it in the wisest way, in their opinion, they should suggest something better, and not sit silent and sullen, only breaking their silence to find fault with their own President for honestly attempting to do his duty. Such senators, seen from a distance, produce the effect of angry children, who are angry because they know they are in the wrong and are unwilling to confess it. Others attack the President for having ceased to uphold by the United States army governments of the Southern States, which rested on no foundation but that of fraud and plunder. I am sorry to see some of the

old friends of the slaves joining in this unworthy attack on the President. In other days I have often heard them repeat the grand lines of Lowell:—

"New occasions teach new duties—
time makes ancient good uncouth,
They must upward still and onward, who
would keep abreast of Truth.
Lo! before us gleam her camp-fires; we
ourselves must Pilgrims be;
Launch our *Mayflower*—and steer boldly
through the desperate winter sea,
Nor attempt the Future's portals with the
past's blood-rusted key."

Some of those who attack the President on this ground are no doubt honest. But they do not see that sovereign States can no longer be governed by a corporal's guard of United States troops; that the colored people can no longer be protected by foreign soldiers, but must find their true protection in a peaceful relation of industry and mutual help with the white population around them.

NEW OCCASIONS TEACH NEW DUTIES.

The present hour calls for peace and union between North and South, East and West; and all that continues to stir up sectional animosity is unpatriotic and unwise. All attempts to revive the issues of the war are as injurious to the interests of the blacks as of the whites. Those issues, growing out of slavery, are dead with slavery itself, and the colored people of the South are now entering into new and hopeful relations with their old masters. Their interests are now one; each needs the other. What a change from old times and feelings has come, when Southern democratic governors, appoint colored men to office, when Southern democrats count the votes of the colored people, when white men are hung by white authorities in the South for the murder of colored people. All attacks on the President and his policy retard this tendency to the peaceful union of whites and blacks. Politicians, who have no other claim to any

position, may still cling to this dead issue, but the real friends of the colored race ought not to be Bourbons, but learn to keep abreast with Truth:—

"Nor attempt the Future's portals with the Past's blood-rusted key."

The attacks of senators on the Secretary of the Interior, Mr. Schurz, indicate very strikingly the false and unpatriotic attitude of leading republican senators.

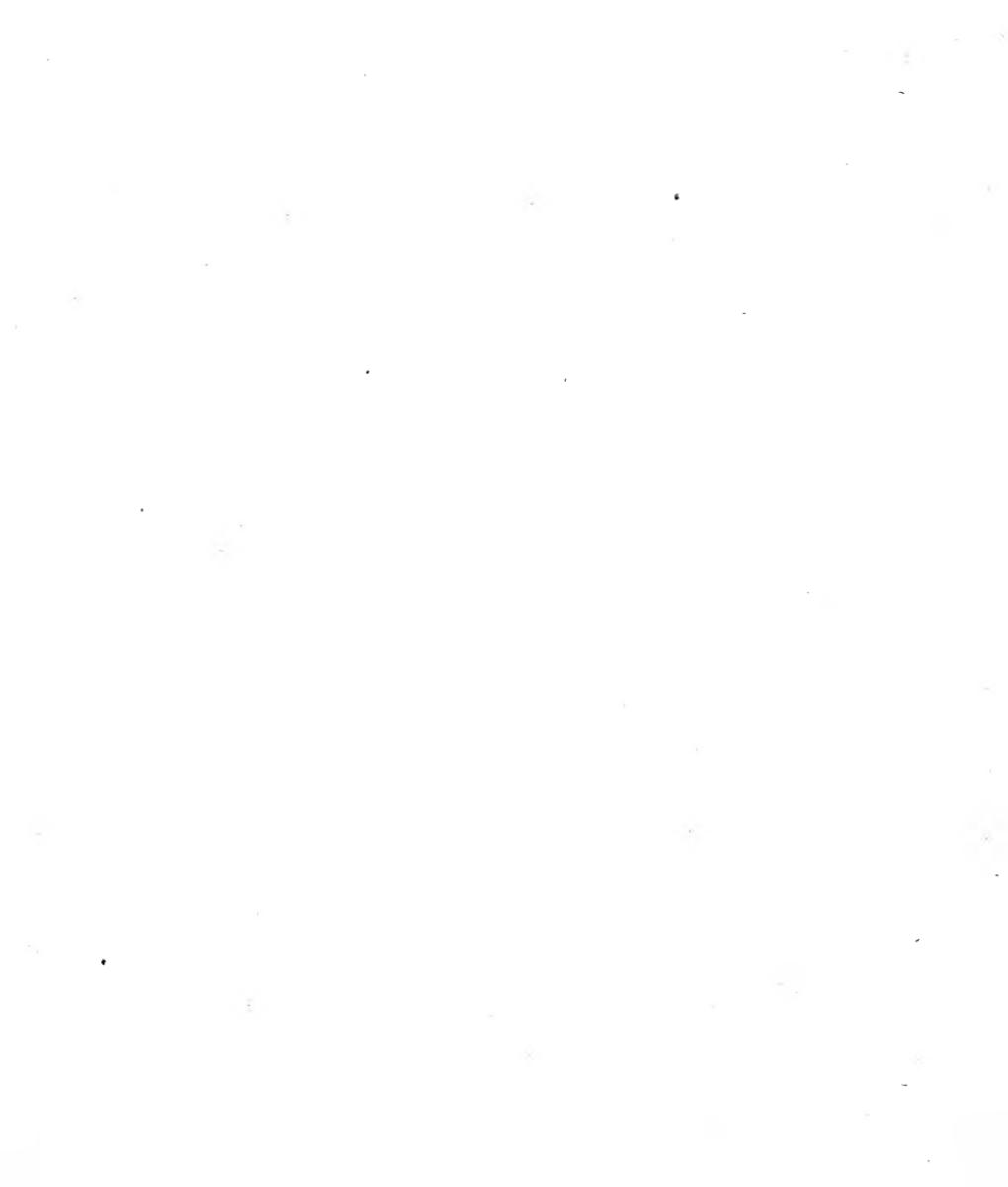
MR. SCHURZ

has devoted himself with untiring industry and great ability to the duties of his office. Among them, he found that of freeing the forests of the United States from plunderers who were laying them waste. For doing this, he has been bitterly abused by republican senators, and that on the most trivial grounds. We claim for him the credit of saving the United States property from plunder, and we are told that he is a Prussian by birth. We ask whether he has not done his duty faithfully, and are informed that Germany is not as large as these Western territories. It is made a crime in the Secretary to resist robbers because he is of foreign extraction. He is to have no credit for his loyal services because the geography of his native land differs from that of the country which he benefits and honors by his noble character and eminent talents.

WHAT THE COUNTRY ASKS TO-DAY

of Congress is to unite with the President in carrying out the pacification of the South, the reform of the civil service and the return to specie payments. The nation asks of Congress to attend to the urgent necessities of the hour—to give us a stable currency, a reformed civil service, and peace between all parts of the Union.

And what the country asks of the President is to stand firm; not to fear those feeble assaults, having their evident motive in disappointed personal ambition; not to take a single step backward; to appoint the best men to office, and if they are not confirmed to appoint other good men in their place. This opposition to him will inevitably break down. Coalitions of senators against the President, founded on personal jealousy, have invariably been defeated in this country. President Hayes is in the right and his opponents are in the wrong; and long before his term of office is over he will be triumphantly vindicated by the voice of the American people. Intrigue, partisanship and personal influence may endure for a night; but truth cometh in the morning. The President stands on a rock and his enemies on the sand—he has nothing to fear. When they have all passed into obscurity and oblivion, his name will be remembered and honored for his simplicity, sincerity, honesty, and loyalty to principle and truth.



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